

## MINUTES

### KANSAS ELECTRIC TRANSMISSION AUTHORITY

January 4, 2006  
Room Kansas Corporation Commission  
First Floor Hearing Room  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027

#### Members Present

Sen. Jay Emler  
Les Evans  
Rep. Carl Holmes  
Rep. Annie Kuether  
Sen. Janis Lee  
Earnie Lehman  
Tim McKee

#### Others in Attendance

Mary Torrence, Revisor of Statutes Office  
Mary Galligan, Kansas Legislative Research Department  
See also attached list

The meeting convened at 9:00 AM with all members present. The agenda was approved as amended to include an additional informational item regarding upcoming national meetings.

The floor was opened for nomination of Board officers. Mr. Lehman nominated Rep. Carl Holmes to be Chairperson (McKee). Rep. Holmes was elected Board Chairperson. Mr. Evans nominated Mr. Lehman to be Board Vice-Chairperson (Kuether). Mr. Lehman was elected Board Vice-Chairperson. Senator Lee nominated Mr. McKee to be Board Secretary (Emler). Mr. McKee was elected Board Secretary.

Chairman Holmes assumed the chair to conduct the remainder of the meeting. The Chairman recognized Mary Torrence to review 2005 HB 2263, the legislation that created the Authority, pertinent portions of the Kansas Open Meetings Act and the Kansas Open Records Act. Ms. Torrence directed the Board's attention to material included in the members' notebooks:

- a copy of the bill
- a table showing the statute numbers assigned to each bill section
- a summary of the bill prepared by the Legislative Research Department

- an excerpt from the Kansas Open Meetings Act
- new language included in the Kansas Open Record Act by a 2005 enactment (Attachments 1-5)

A question was raised regarding protection from subpoena of certain security information that might be in KETA records. Ms. Torrence pointed out that one of the 2005 amendments highlighted in the Open Records Act excerpt in members' notebooks may address that concern. Members of the Board asked whether the Board would be covered by the Kansas Tort Claims Act (K.S.A. 75-6101, *et seq.*). Ms. Torrence responded that she believed the Board would be covered by the Act.

The Chair recognized Mary Galligan to review the proposed, temporary by-laws. Ms. Galligan explained that the minor changes suggested at the September meeting were included in this draft. The Chairman reminded the Board that these temporary by-laws were based on the Turnpike Authority's by-laws.

Senator Lee moved that the by-laws require at least quarterly meetings of the Board (McKee). The motion was adopted.

In regard to notice of meetings, the Board reached a consensus that meeting notices would be posted on a KETA website and published in the *Kansas Register*. Any such notices would be published at least 10 days, but not more than 30 days, prior to a regular Board meeting. Notices of special meetings would be provided in accordance with Kansas law at least three days prior to the meeting. One-day notice would be provided for emergency meetings in accordance with state law.

The Chair reported that he had contacted Duane Goosen, Director of the Budget, regarding startup funding for the Authority. The Chair suggested that any startup funds be taken from moneys appropriated to the Kansas Corporation Commission (KCC) and that a supplemental appropriation of \$5,000 - \$10,000 for members' compensation, per diem and mileage only be sought for FY 2006. The Chair reported that he also had discussed this proposal with staff of the Governor's office.

The Board entered into a discussion of its budget for the remainder of state fiscal year 2006 (FY 2006) and for state fiscal year 2007 (FY 2007). Mr. Lehman commented that he did not want to pursue leasing office space at this time.

The Board estimated that the supplemental request for FY 2006 should include sufficient funds for six meetings (compensation, travel and subsistence for all seven members), and publication of meeting notices in the *Kansas Register*. Anticipated expenses for FY 2007 would include sufficient funds for 12 meetings, part time office support, and professional services. Mr. Lehman moved that the supplemental request for FY 2006 be less than \$25,000 and that the request for FY 2007 be \$75,000 or less. The amount is to be requested from the State General Fund (McKee). The Board noted that the legislation that created the Authority provides for any appropriation from the State General Fund to the Authority to be considered a loan to be repaid within 10 years. The motion was adopted.

Mr. Lehman moved that the principal place of business of the Authority be temporarily designated as room 115-S in the Statehouse (Emler). The motion was adopted.

Senator Lee moved that the Chair request that the Legislative Coordinating Council (LCC) permit the Revisor's Office and the Research Department to provide staff support for the Authority for an indefinite period of time (Kuether). The motion was adopted.

The Chairman recognized Rebecca Floyd, Kansas Development Finance Authority (KDFA). Ms. Floyd provided the Board with an overview of various forms of financing assistance available from KDFA. Ms. Floyd noted that the majority of debt handled by KDFA is a pledge of revenue. She also stated that for KDFA, a \$50 million or greater issue is large. The typical issue now is between \$15 million and \$50 million. She stated that KDFA can assist with structuring the financing to achieve the best economic position for the project. She stated that when KETA comes to KDFA for assistance, KDFA will review the size of the proposed project, help with selection of bond counsel and trustees, and send out an RFP to identify investment banking firms. She stated that an agreement between KETA and KDFA would not be necessary until KETA is ready to issue bonds. There would be no cost to KETA until KDFA issues the bonds. At that time KDFA's overhead would be taken from the overhead. In response to a question, Ms. Floyd noted that a preliminary tariff assessment could be set up to repay the SGF for any moneys borrowed by KETA for start up activities.

The Board recessed for lunch at 12:30 PM.

The Board reconvened at 1:35 PM.

The Chairman recognized Jay Caspary, Director of Engineering for the Southwest Power Pool (SPP). Mr. Caspary's presentation was composed of slides and maps (Attachments 6-8). The Board and Mr. Caspary discussed a variety of matters after his formal presentation.

The Chairman recognized Larry Holloway, Kansas Corporation Commission. Mr. Holloway presented slides (Attachment 9). Mr. Holloway's presentation focused on cost recovery through SPP tariffs and the relationship between the KCC and KETA pursuant to Kansas statutes. After Mr. Holloway's formal presentation, he responded to questions from the Board.

The Chairman recognized Tony Ingram, FERC Regional Office, Little Rock, Arkansas. Mr Ingram explained FERC's jurisdiction and role in potential KETA projects. In that regard he said that KETA is not under the Federal Power Act except as the 2005 Energy Policy Act may apply in limited circumstances. In response to a Board question, Mr. Ingram offered to have FERC legal staff research the question of FERC jurisdiction over KETA.

Board discussion followed the formal presentations. The Board agreed to schedule its next meeting to be during the interim between the Legislature's first adjournment and convening of the veto session. Senator Lee moved approval of the minutes of the September meeting (Emler). The motion was adopted.

The Chairman noted that on January 30 a meeting of the SPP Regional State Committee would be conducted in Dallas. The Chairman also noted that on February 15 - 16 the National Electricity Delivery Forum would be held in Washington, D.C. and that meeting would focus on discussion of transmission issues.

The Chairman adjourned the meeting.

Respectively submitted by  
Tim McKee, Board Secretary  
March 26, 2006

Approved by the Board on: April 18, 2006